

ESDN Policy Note

Approaches in SDG Budgeting, Mainstreaming, and Performance Management

Introduction

The focus of this Policy Note is on approaches in SDG budgeting, mainstreaming, and performance management, offering recommendations on how government administrations can take this into account when implementing the 2030 Agenda for Sustainable Development and the 17 Sustainable Development Goals (SDGs). For governments to keep track of their progress on the 2030 Agenda and SDG implementation accurately, systems need to be developed that can better measure progress.

This Policy Note draws from the results of keynote presentations and interactive group work discussions of participants at the ESDN's 21st Workshop on "SDG Implementation in Policymaking – Approaches in SDG Budgeting, Mainstreaming, and Performance Management", which was held in Vienna on 23 May 2023. The Workshop brought together 80 participants made up mainly of sustainable development policymakers, experts, youth, and civil society representatives from 14 European countries.

The European Sustainable Development Network (ESDN) is a non-profit, pan-European peer-learning, networking, knowledge, and advocacy platform for sustainability professionals in the public sector working in collaboration with other organisations and institutions dealing with sustainable development issues. It is based on the transparent and trustful cooperation of these actors. It collects, compiles and shares information on sustainability policies, strategies, and practises, and provides expertise to political decision-makers at European, national, and sub-national levels. The ESDN also fosters sustainable development through active communication and continued cooperation with other stakeholders and civil society.

The recommendations from the Workshop are below.

Recommendations

1) Improve horizontal mechanisms of Policy Coherence for Sustainable Development (PCSD)

As with many aspects of sustainable development, strengthening governance and policy coherence mechanisms across policy sectors seems to be one of the key answers to tackle the implementation challenges of sustainable development objectives, in general, and of the SDGs in particular. The SDGs are by nature interconnected and interrelated; each SDG has synergies, impacts, and trade-offs with one another. Effectively managing these interconnections, as well as applying a cross-sectoral and integrative approach in policymaking, is vital to the overall success of the 2030 Agenda and the SDGs.

The following recommendations for policy coherence were discussed during the ESDN Workshop and were very much inspired by the OECD and their 2019 Council Recommendations on Policy Coherence for Sustainable Development (PCSD).

- **Use high-level coordinating mechanisms** within the government to promote PCSD and the integration of sustainable development across central agencies, line ministries, and other public institutions.
- **Establish clear mandates** for sustainable development within ministries, build up capacities and mobilize adequate resources for government ministries, as this will help with interministerial

coordination, awareness for the SDGs, and in identifying trade-offs.

- **Build capacity in public administrations for PCSD** and align trainings and programs for civil servants with the principles and integrated nature of the SDGs. A great example for a comprehensive and effective training for civil servants to implement an SD policy tool can be found in Luxembourg and its Sustainability Check (see box text).
- **Encourage formal governance arrangements and informal working methods** that support effective communication between ministries and departments, as well as with public sector actors.

Luxembourg – Training civil servants for the Sustainability Check

A training was developed in close cooperation with the competent administration (*Institut national d'administration publique*) and in consultation with the Interdepartmental Commission on Sustainable Development. This training focuses on the international and national sustainable development framework and more specifically on Luxembourg's own "Sustainability Check" and how to complete it. The Sustainability Check is mandatory for the transmission of a draft law to the Government Council. The civil servants of line ministries must complete an online training more focused on the international and national framework. The face-to-face training (4 hours) focuses on practical exercises on how to complete the Sustainability Check form.

2) Integrate well-being into budgetary cycles

Drawing from the Dutch example on integrating well-being into budgetary cycles, which takes the definition of well-being from the Brundtland Report: "Wellbeing concerns the quality of life in the here and now and the extent to which this is at the expense of later generations or that of people elsewhere in the world."

During the Workshop, the Netherlands lead an 'Exchange Space' (i.e. interactive discussion format with participants) with about 10 colleagues to discuss more in-depth about well-being and how indicators can be developed, and SDGs integrated into the system. The following recommendations stem from the exchange about the Dutch experiences (see also box text on the Netherlands):

- **Derive well-being goals and indicators from the government program**, which relates to **ensuring the political will is present**, as this is oftentimes an issue in sustainable development, but is of critical importance for achieving policy results that are supported by clear goals and indicators for measuring progress.
- Define well-being goals and indicators in **close cooperation with individual ministries or ministers**.
- Define well-being goals and indicators on **societal preferences**, through **surveys and consultations with the different stakeholder groups**.
- **Embed existing policy documents and publications** (incl. those on policy frameworks and indicators) **in budgetary reports**.

Netherlands – Development of Factsheets on Well-being

The Dutch Parliament is asked to give well-being indicators a central position in the national budget memorandum, departmental budgets, and annual reports. The objective is to show the relationship between well-being and the departmental budgets, and to facilitate parliamentary debate on well-being. The output from these Factsheets on Well-being will be published on Budget Day by each departmental budget.

3) Connect output orientation to the SDGs

At the Workshop, Austria provided not only a good practice example of how to connect output orientation to the SDGs, but also provided information on why output orientation is important for policies and for the SDGs. Output orientation allows for more transparency of political goals and the performance of the public administration in meeting those goals, which sees and increased focus on result orientation in politics and the administration. This, in turn, should increase the effectiveness and efficiency of public services.

In a report of the Austrian Court of Auditors on the SDGs from 2018, it was found that not a single outcome goal in the federal budget mentions or tries to connect to the SDGs. Connecting the SDGs to budgets, therefore, is a very important step in ensuring the SDGs are being addressed.

The following recommendations are derived from the Workshop debates:

- **Make the inclusion** of the SDGs in state budgets mandatory. Budget provisions should be linked to individual SDGs and/or their sub-goals.
- **Connect the SDGs and specific national SDG priorities to the budget** already at the planning stage of the budget.
- **Create a stronger connection** between instruments and tools for output orientation and the SDGs.
- **Foster discussions** through evaluation reports within and between ministries on why, or why not, some policies had outcomes. The ultimate goal should be to have policy evolution, especially regarding the SDGs. Challenges in these reports remain, as is expressed in the text box.

Austria – Challenges of Output Orientation Evaluation Reports

There are challenges in output orientation reports when it comes to the SDGs. The SDGs are very broad, so making connections to subgoals should be considered. Thresholds and criteria also need to be developed to determine whether significant SDG impacts were made by a policy. Evaluating impacts also requires contact points inside ministries, who can answer questions should they arise regarding a connection to the SDGs and whether the connection is significant enough. Furthermore, quality needs to be guaranteed through the presentation of information to an external body.

While these evaluation reports are a step in the right direction, they may also not go far enough unless actions are taken in the future to address shortcomings.

4) Increase capacity-building in government to enhance performance management

In order to improve the integration of the SDGs into policies and to guarantee a more effective implementation process, one very common thread throughout the Workshop was capacity building for those working in the government. Enhancing the capacities of government officials is necessary to enable effective implementation strategies and actions. The following recommendations were made for enhancing capacity-building for successful performance management for SDG implementation:

- **Raise awareness and provide easy-to-understand information in the administration for the SDGs**, using examples of how the SDGs relate to the specific sectors of the respective ministry. This will enhance understanding of the SDGs and can create motivation within different ministries. It can ultimately foster knowledge and cross-sectoral exchange on the SDGs.
- **Use mainstreaming and integration approaches** to bring sectoral ministries together to build trust between them for the challenges in SDG implementation.

- **Foster coherence matrices** that not only link programs and planning instruments, but also establish workshops to support implementation.
- **Develop mandatory training programs** for all civil servants on the SDGs that are clear, transparent, and applicable to their work.